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**Franklin Parish School Board
Winnsboro, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-3-04

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Franklin Parish School Board

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INDEPENDENT AUDITORS' REPORT

Board Members
Franklin Parish School Board
Winnsboro, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Franklin Parish School Board, Winnsboro, Louisiana as of and for the year ended June 30, 2003, which collectively comprise the School Board's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I to the financial statements, management has not recorded certain capital assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determined.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Franklin Parish School Board, Winnsboro, Louisiana as of June 30, 2003, or the changes in its financial position for the year then ended.

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2003, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note 15, the School Board has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2003.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying supplemental information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by OMB Circular A-133, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Supplemental information and the Schedule of Expenditures of Federal Awards has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, no opinion is expressed on them.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the School Board. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Marcus Robinson + Hassell".

MARCUS, ROBINSON & HASSELL, CPAs

Winnsboro, Louisiana
February 24, 2004

**Franklin Parish School Board
Winnsboro, Louisiana 71295**

REQUIRED SUPPLEMENTAL INFORMATION

**MANAGEMENT DISCUSSION
AND ANALYSIS (MD&A)**

Franklin Parish School Board Management's Discussion & Analysis (MD&A)

This section of the Franklin Parish School Board's annual financial report provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the School Board's financial statements which follow this Management's Discussion and Analysis.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the School Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

To the readers and users of this report and these financial statements the following declarations are made a part of this presentation. I was hired as interim business manager on 20 October 2003, and reported to work on 22 October 2003. As interim business manager, I am preparing this MD&A with outside assistance. The previous business manager, due to health problems, is no longer available. These statements were prepared by our audit firm - Marcus, Robinson & Hassell, CPAs. The school system has incomplete fiscal data and an inability to prepare its own financial statements. The audit firm has presented only a draft copy of the report for review, and has issued an adverse opinion. All conclusions that I state within this MD&A, are based on unverifiable data provided to me by the audit firm. Preparation of this MD&A is being completed within extreme time constraints and with the limitations discussed above.

FINANCIAL HIGHLIGHTS

The primary resources available to the School Board are local revenues which are primarily tax receipts, state revenues which are primarily minimum foundation funding and cost reimbursement grants, and federal revenues which are primarily cost reimbursement grants.

Note I - Capital Assets - The school board has not complied with GASB 34 regarding its requirements with respect to capital assets. Capital assets are not shown in these financial statements. Without the inclusion of capital assets, the Statement of Net Assets and the Statement of Activities which provide information about the activities of the School Board as a whole will have a distorted presentation.

The liabilities of the Franklin Parish School Board exceeded its assets at the close of the 2003 fiscal year by (\$ 772,053).

Total spending for all programs was \$27,574,628. The majority of the School Board's local taxes and state MFP funds were used to support the net cost (after deducting restricted grants and fees charged to users) of these six areas: regular program instruction \$10.92 million, special program instruction \$2.54 million, other instruction \$0.88 million, plant services \$1.25 million, student transportation services \$1.99 million, school administration \$1.02 million. The net cost of the remaining programs was \$1.59 million.

As provided by Senate Concurrent Resolution (SCR) 139, not less than 50% of the school district's increase in state MFP funding from implementation of Level 1 and Level 2 of the formula, in the fiscal years 02-03, 03-04, and 04-05, is to be used to enhance and supplement full-time certificated staff salaries and retirement benefits. For the 02-03 fiscal year the increase was distributed in shares equaling \$500.00. This supplement was distributed in the spring of 2003. This amount was added to the salary schedule for the 2003 - 2004 fiscal year.

Also during the 2002-2003 year the state provided a one time salary supplement of \$476 to support personnel through MFP funding. This supplement became permanent in the 2003-2004 fiscal year.

The Franklin Parish School Board has no outstanding long-term debt during the 2002-2003 fiscal year.

USING THIS ANNUAL REPORT

The School Board's annual report consists of a series of financial statements and notes to those statements. These statements then proceed to provide an increasingly detailed look at specific financial activities. Notes to the Basic Financial Statements provide additional information that is essential for the fair presentation of the School Board's financial position, its operations and cash flows. The notes are an integral part of the financial statements and should be considered part of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Franklin Parish School Board as established by Governmental Accounting Standards Board Statement #34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (MD&A).

ANNUAL FINANCIAL REPORT

Required Supplemental Information
Management Discussion & Analysis (MD&A)

BASIC FINANCIAL STATEMENTS

**Government - wide
Financial Statements**

**Fund
Financial Statements**

Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Comparison Information for Major Funds

Supplemental Information

Non-major Funds Combining Statements & Budgetary Information
Agency Funds Statement/Schedules
Capital Assets by Source and Function (Excluded)
Schedule of Compensation Paid Board Members

At the time of preparation of this MD&A it cannot be stated as to whether our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

REPORTING THE SCHOOL BOARD AS A WHOLE

The Statement of New Assets and the Statement of Activities

The analysis of the School Board as a whole begins with the government-wide financial statements. As stated earlier, these statements are new to this school board effective with this 2002-2003 reporting period. What these statements endeavor to answer is a question most often asked by readers and users of financial statements. Specifically, the reader would like to obtain the answer to the following question. "Is the School Board as a whole better off or worse off financially as a result of the year's activities?" The Statements of Net Assets and the Statement of Activities, which appear first in the School Board's financial statements, report information on

the School Board as a whole and its activities in a way that helps to answer that question. However, the reader is again reminded these statements for the Franklin Parish School Board for the 2002-2003 fiscal year do not include capital assets. These statements have been prepared by our auditor to include all assets (excluding Capital Assets) and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School Board's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as one way to measure the School Board's financial health, or financial position. Over time, increases or decreases in the School Board's net Assets - as reported in the Statement of Activities - is one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School Board's operating results. However, the School Board's goal is to provide an environment for learning and services to our students, not to generate profits as a commercial entity. Many other non-financial factors, such as the quality of education provided, experiences taught, and safety of the schools must all be considered to assess the overall health and effectiveness of the School Board.

All activities reported in the Statement of Net Assets and Statement of Activities are considered to be governmental activities. Governmental activities are all of the School Board's services, including instruction, plant services, pupil transportation, and food services. Property taxes, sales taxes, Minimum Foundation Program funds, and state and federal grants finance most of these activities.

REPORTING THE SCHOOL BOARD'S MOST SIGNIFICANT FUNDS

Fund Financial Statements. The School Board's fund financial statements provide detailed information about the most significant funds, not the School Board as a whole. Some funds are required to be established by state law and by bond covenant. However, the school board establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

All the school board's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. Many funds must zero out at year end, certainly those of a reimbursable nature. They are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed view over a specific time period of the School Board's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Board's programs. The fund financial statements do not include the capitalization of capital assets or related depreciation nor do they include long term liabilities as the government-wide financial statements do. We describe the relationship between the government-wide

financial statements and the fund financial statements in our presentation of Reconciliation of the Governmental Funds - Balance Sheet & Statement of Revenues, Expenditures, and Changes in Fund Balance.

THE SCHOOL BOARD AS TRUSTEE

Reporting the School Board's Fiduciary Responsibilities. The School Board is the trustee, or fiduciary, for its student activities funds which are reported in the Statement of Fiduciary Assets and Liabilities. We exclude these activities from the School Board's other financial statements because the School Board cannot use these assets to finance its operations. These funds are under the control and administration of the individual schools. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These funds are only those funds generated at the school and do not include funds available to the schools from other sources such as local tax revenues or Title I, which are accounted for at the School Board level.

THE SCHOOL BOARD AS A WHOLE

The School Board's net assets were (\$772,053) at June 30, 2003. The Franklin Parish School Board financial statements as presented do not include Net Assets invested in capital assets. Of this amount (\$1,563,851) was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and/or enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets, (Table 1) and the change in net assets (Table 2) of the School Board's governmental activities.

Table 1
Net Assets
June 30, 2003

Current and other assets	\$2,656,041
Capital assets	<u>Excluded</u>
Total assets	\$2,656,041
Current and other liabilities	\$2,650,726
Long-term liabilities	<u>777,368</u>
Total liabilities	3,428,094

Net assets

Invested in capital assets, net of debt	Excluded
Restricted	\$ 791,798
Unrestricted	<u>(\$1,563,851)</u>
Total net assets	<u>(\$ 772,053)</u>

The (\$1,563,851) in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to liquidate its assets and pay off all of its bills today including all of its non-capital liabilities (compensated absences, for example), there would be a deficit of \$1,563,851.

The net assets of the School Board decreased by \$1,967,649, this decrease was caused by several factors - the most significant being a change in accounting policy (Note 18) and a change in accounting principle (Note 19).

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities. Table 2 on the next page, takes the information from that statement and rearranges it slightly so that readers can see total revenues for the year.

Table 2
Changes in Net Assets
For the Year Ended June 30, 2003

Net Assets - beginning	\$ 1,195,596
------------------------	--------------

REVENUE:

Program revenues	
Charges for services	162,646
Federal/State Grants and entitlements	7,218,354
General revenues:	
Ad Valorem taxes	698,082
Sales taxes	2,676,376
Minimum Foundation Program	14,860,232
Other general revenues	<u>622,326</u>
Total revenue	\$26,238,016

EXPENDITURES:

Instruction:	
Regular education	\$10,918,879
Special education	7,003,346
Support Services:	

Student services	463,007
Instructional staff support	744,046
General administration	759,955
School administration	1,023,902
Business services	365,574
Plant services	2,005,273
Student transportation services	2,136,723
Food Services	2,006,092
Community service programs	1,500
Increase in compensated absences	146,331
Total expenses	27,574,628
Increase (decrease) in net assets	(1,336,612)
Cumulative effect of change of accounting principle	(631,037)
Net Assets - ending	(772,053)

Governmental Activities. In the table below we have presented the cost of each of the School Board's six largest functions - regular programs, special programs, school administration, plant services, student transportation services and food services as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Regular programs instruction	\$10,918,879	\$10,918,879
Special programs instruction	7,003,346	2,544,378
School administration	1,023,902	1,023,902
Plant services	2,005,273	1,250,166
Student transportation services	2,136,723	1,989,284
Food services	2,006,092	489,117
All Others	2,480,413	1,977,902
Total	\$27,574,628	\$20,193,628

THE SCHOOL BOARD'S FUNDS

As we noted earlier, the School Board uses funds to help it control and manage money for particular purposes. Looking at funds helps to consider whether the School Board is being accountable for the resources that taxpayers and others provide to it, and may also give you more insight into the School Board's overall financial health.

The fund balances of all governmental funds decreased \$1,190,281 due primarily to the change in accounting policy (Note 18). The fund balance of the general fund decreased \$2,318,536 mainly because of an increase in expenditures related to salaries and employee benefits and the change in accounting policy.

General Fund Budgetary Highlights

The School Board is required to revise its budgets in an attempt to deal with unexpected changes in revenues and expenditures. (A schedule showing the School Board's original and final budgets compared with actual results is provided in the required supplemental information section of this report.) This area has not had the attention of the administration.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Note I - Capital Assets - Capital assets are not shown in these financial statements.

Debt Administration

The Franklin Parish School Board had no long term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for the 2003-2004 year remains unchanged from the 2002-2003 year. Revenues and expenses remain the same. The Franklin Parish School Board has not used a process to ensure a realistic budget. The School Board does not follow the local government budget act.

As with the past few years, a reduction in students is anticipated which should result in a projected decrease in MFP revenue. Contribution rates for LTRS will increase significantly to 13.1% and for LASERS employer's rate has been established at 8.5%. Another mandated increase for State Group Benefits must be budgeted.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional information, contact Nick Poulos, interim Business Manager, at Franklin Parish School Board, 7293 Prairie Road, Winnsboro, Louisiana 71295, and telephone (318) 435-9046.

Franklin Parish School Board

BASIC FINANCIAL STATEMENTS:
GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

FRANKLIN PARISH SCHOOL BOARD

STATEMENT OF NET ASSETS

June 30, 2003

GOVERNMENTAL
ACTIVITIES

ASSETS

Cash and cash equivalents	1,309,328
Receivables, net	1,280,918
Inventory	<u>65,795</u>

TOTAL ASSETS

2,656,041

LIABILITIES

Accounts, salaries and other payables	2,650,726
Compensated absences payable	<u>777,368</u>

TOTAL LIABILITIES

3,428,094

NET ASSETS

Restricted for;	
Debt service	18,334
Maintenance funds	34,778
School lunch	738,686
Unrestricted	<u>(1,563,851)</u>

TOTAL NET ASSETS

(772,053)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FRANKLIN PARISH SCHOOL BOARD

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2003

FUNCTIONS/PROGRAMS	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
		<u>CHARGES FOR SERVICE</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
Primary Government				
Governmental activities:				
Instruction:				
Regular programs	10,918,879	-0-	-0-	(10,918,879)
Special programs	7,003,346	-0-	4,458,968	(2,544,378)
Support services:				
Student services	463,007	-0-	38,934	(424,073)
Instructional staff support	744,046	-0-	289,118	(454,928)
General administration	759,955	-0-	128,293	(631,662)
School administration	1,023,902	-0-	-0-	(1,023,902)
Business services	365,574	-0-	46,166	(319,408)
Plant services	2,005,273	-0-	755,107	(1,250,166)
Student transportation svcs	2,136,723	-0-	147,439	(1,989,284)
Food services	2,006,092	162,646	1,354,329	(489,117)
Community service programs	1,500	-0-	-0-	(1,500)
Increase in compensated absences (unallocated)	<u>146,331</u>	<u>-0-</u>	<u>-0-</u>	<u>(146,331)</u>
Total Governmental Activities	27,574,628	162,646	7,218,354	(20,193,628)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				698,082
Sales taxes, levied for general purposes				2,676,376
Minimum Foundation Program				14,860,232
Interest and investment earnings				13,413
Miscellaneous				<u>608,913</u>
Total general revenues				<u>18,857,016</u>
Changes in net assets				(1,336,612)
Net assets - beginning				1,195,596
Cumulative effect of change of accounting principle				<u>(631,037)</u>
Net assets - ending				<u>(772,053)</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Franklin Parish School Board

BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)

FRANKLIN PARISH SCHOOL BOARD

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2003

	<u>GENERAL</u>	<u>TITLE I</u>	<u>HEADSTART</u>	<u>SCHOOL LUNCH</u>
ASSETS				
Cash and cash equivalents	149,535	262,861	183	755,267
Receivables	563,543	296,252	327,372	-0-
Interfund receivables	569,009	-0-	-0-	-0-
Inventory	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>65,795</u>
TOTAL ASSETS	<u>1,282,087</u>	<u>559,113</u>	<u>327,555</u>	<u>821,062</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	2,068,570	257,997	272,886	-0-
Interfund payable	<u>-0-</u>	<u>301,116</u>	<u>54,669</u>	<u>82,376</u>
Total Liabilities	2,068,570	559,113	327,555	82,376
Fund Balances:				
Reserved for:				
Debt Service	-0-	-0-	-0-	-0-
Inventory	-0-	-0-	-0-	65,795
Unreserved, reported in:				
General Fund - Undesignated	(786,483)	-0-	-0-	-0-
Special Revenue	-0-	-0-	-0-	-0-
School Lunch	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>672,891</u>
Total Fund Balances	<u>(786,483)</u>	<u>-0-</u>	<u>-0-</u>	<u>738,686</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>1,282,087</u>	<u>559,113</u>	<u>327,555</u>	<u>821,062</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

OTHER
GOVERNMENTAL

TOTAL

141,482	1,309,328
93,751	1,280,918
-0-	569,009
<u>-0-</u>	<u>65,795</u>

<u>235,233</u>	<u>3,225,050</u>
----------------	------------------

51,273	2,650,726
<u>130,848</u>	<u>569,009</u>

182,121	3,219,735
---------	-----------

18,334	18,334
-0-	65,795

-0-	(786,483)
34,778	34,778
<u>-0-</u>	<u>672,891</u>

<u>53,112</u>	<u>5,315</u>
---------------	--------------

<u>235,233</u>	<u>3,225,050</u>
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FRANKLIN PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2003**

Total fund balances - governmental funds	5,315
--	-------

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at June 30, 2003 are:

Long-term liabilities

Compensated absences payable

(777,368)

(777,368)

Net Assets - Governmental Activities

(772,053)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FRANKLIN PARISH SCHOOL BOARD

GOVERNMENTAL FUNDS Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2003

	<u>GENERAL</u>	<u>TITLE I</u>	<u>HEADSTART</u>	<u>SCHOOL LUNCH</u>
REVENUES:				
Local Sources:				
Taxes:				
Ad valorem	461,646	-0-	-0-	-0-
Sales and use	2,676,376	-0-	-0-	-0-
Interest earnings	9,726	-0-	-0-	3,397
Food services	-0-	-0-	-0-	162,646
Other	605,246	-0-	40	3,627
In-Kind revenue	-0-	-0-	301,315	-0-
State sources:				
Equalization	14,860,232	-0-	-0-	-0-
Other	941,035	-0-	-0-	-0-
Federal sources	<u>1,216,042</u>	<u>1,648,315</u>	<u>1,200,392</u>	<u>1,354,329</u>
Total Revenues	20,770,303	1,648,315	1,501,747	1,523,999
EXPENDITURES				
Current:				
Instruction:				
Regular programs	10,918,879	-0-	-0-	-0-
Special programs	4,309,761	1,175,977	659,367	-0-
Support services:				
Student services	424,073	38,934	-0-	-0-
Instructional staff support	454,928	198,160	90,958	-0-
General administration	631,662	123,771	4,522	-0-
School administration	1,023,902	-0-	-0-	-0-
Business services	319,408	6,993	39,173	-0-
Plant services	1,250,166	104,480	229,228	-0-
Student transportation svcs	1,989,284	-0-	147,439	-0-
In-Kind expense	-0-	-0-	301,315	-0-
Food services	109,463	-0-	29,745	1,866,884
Community services	<u>1,500</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	21,433,026	1,648,315	1,501,747	1,866,884
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(662,723)	-0-	-0-	(342,885)

OTHER
GOVERNMENTAL

TOTAL

236,436	698,082
-0-	2,676,376
290	13,413
-0-	162,646
-0-	608,913
-0-	301,315

-0-	14,860,232
51,744	992,779
<u>505,182</u>	<u>5,924,260</u>

793,652	26,238,016
---------	------------

-0-	10,918,879
556,926	6,702,031

-0-	463,007
-0-	744,046
-0-	759,955
-0-	1,023,902
-0-	365,574
421,399	2,005,273
-0-	2,136,723
-0-	301,315
-0-	2,006,092
<u>-0-</u>	<u>1,500</u>

<u>978,325</u>	<u>27,428,297</u>
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(184,673)	(1,190,281)
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FRANKLIN PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2003**

	<u>GENERAL</u>	<u>TITLE I</u>	<u>HEADSTART</u>	<u>SCHOOL LUNCH</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-0-	-0-	-0-	435,295
Transfers out	<u>(1,655,813)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(1,655,813)</u>	<u>-0-</u>	<u>-0-</u>	<u>435,295</u>
Net Change in Fund Balances	(2,318,536)	-0-	-0-	92,410
FUND BALANCES - BEGINNING	<u>1,532,053</u>	<u>-0-</u>	<u>-0-</u>	<u>646,276</u>
FUND BALANCES - ENDING	(786,483)	-0-	-0-	738,686

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

OTHER
GOVERNMENTAL

TOTAL

1,220,518
-0-

1,655,813
(1,655,813)

1,220,518

-0-

1,035,845

(1,190,281)

(982,733)

1,195,596

53,112

5,315

FRANKLIN PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2003**

Total net change in fund balances - governmental funds	(1,190,281)
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Amounts reported for governmental activities in the Statement of Activities are different because:

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave)-are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned exceeded the amounts used by \$146,331.	<u>(146,331)</u>
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Change in net assets of governmental activities	<u>(1,336,612)</u>
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THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Franklin Parish School Board
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2003

	<u>AGENCY FUND</u>
ASSETS	
Cash and cash equivalents	<u>265,332</u>
Total assets	<u><u>265,332</u></u>
LIABILITIES	
Deposits due to others	<u>265,332</u>
Total liabilities	<u><u>265,332</u></u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Franklin Parish School Board Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying basic financial statements of the Franklin Parish School Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals.

A. REPORTING ENTTTY The Franklin Parish School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within Franklin Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana board of Elementary and Secondary Education. The School Board is comprised of seven members who are elcted from seven districts for terms of four years.

The School Board operates ten schools within the parish with a total enrollment of approximately 3,904 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no *component units*, defined by GASB Statement 14 as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

B. FUNDS The accounts of the School Board are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the School Board are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of fixed assets, and the servicing of long-term debt. The School Board reports the following major governmental funds:

General Fund - the primary operating fund of the School Board. It accounts for all financial resources of the School Board, except those required to be accounted for in another fund.

Title I - special revenue fund accounts for federal Title I grant.

HEADSTART - special revenue fund accounts for HEADSTART grant.

School Lunch - special revenue fund - accounts for the funds in the school lunch program.

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the School Board. Trust funds account for assets held by the government under the terms of a formal trust agreement.

Franklin Parish School Board
Notes to the Basic Financial Statements

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity. The agency fund is as follows:

School activities agency fund - accounts for assets held by the School Board as an agent for the individual schools and school organizations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported on in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Charges for services are primarily derived from cafeteria sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

Allocation of indirect expenses The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements

which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recognized when all applicable eligibility requirements are met and the resources are available.

Sales taxes are recognized when the underlying exchange transaction occurs and the resources are available.

Franklin Parish School Board
Notes to the Basic Financial Statements

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other receipts become measurable and available when cash is received by the School Board and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30.

Other Financing Sources (Uses) Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS Investments are limited by R.S. 33:2955 and the School Board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The School Board reported at amortized cost money market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly-liquid debt instruments that include U.S. Treasury obligations.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

Franklin Parish School Board
Notes to the Basic Financial Statements

G. ELIMINATION AND RECLASSIFICATIONS In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

H. INVENTORY Inventory of the school food service special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when consumed; however, all inventory items are recorded as expenditures when purchased. All purchased inventory items are valued at cost using first-in, first-out (FIFO) method, and commodities are assigned values based on information provided by the U.S. Department of Agriculture.

I. CAPITAL ASSETS The School Board has not complied with GASB 34 regarding its requirements with respect to capital assets. Capital assets are not shown in these financial statements.

J. COMPENSATED ABSENCES All 12-month employees earn up to ten days of vacation leave each year, depending on their length of service with the School Board. Vacation leave can be accumulated. Upon separation, all unused vacation is paid to the employee.

All School Board employees earn up to ten days of sick leave each year, depending upon the length of service. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to twenty-five days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement computation as earned service.

The School Board's recognition and measurement criteria for compensated absences follows:

GASB Statement 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- A. The employees' rights to receive compensation are attributable to services already rendered.
- B. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The School Board uses this approach.

K. RESTRICTED NET ASSETS For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Franklin Parish School Board **Notes to the Basic Financial Statements**

L. FUND EQUITY OF FUND FINANCIAL STATEMENTS

Reserves Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances Designated fund balances represent tentative plans for future use of financial resources.

M. INTERFUND ACTIVITY Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. SALES TAXES The School Board has the following two sales tax ordinances:

The voters of Franklin Parish authorized the School Board to levy and collect two separate sales and use taxes; a 1% tax and a 1/2% tax. Revenues generated by the two taxes must be used exclusively to supplement other revenues available to the School Board for the following purposes:

1% Sales and Use Tax - 80% of the net proceeds of the tax are to be used for the payment of salaries of classroom teachers in the public elementary and secondary schools of Franklin Parish. The remaining 20% of the net proceeds are to be used for payment of salaries of other personnel employed by the School Board and for improvement of the operation of the public elementary and secondary schools of Franklin Parish.

1/2% of 1% Sales and Use Tax - a minimum of 15% of the net proceeds of the tax are to be used for the purpose of purchasing and acquiring classroom teaching supplies and equipment. The remaining taxes are to be used for the purpose of constructing, acquiring and improving school related facilities and equipment, and for the payment of maintenance and operating expenses of the public school system.

The receipt and expenditure of the sales and use taxes are included in the operations of the General Fund.

O. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Individual Funds The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 2003:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General fund	<u>20,210,396</u>	<u>23,088,839</u>	<u>2,878,443</u>
Lunch fund	<u>1,853,251</u>	<u>1,866,884</u>	<u>13,633</u>

NOTE 3 - LEVIED TAXES The School Board levies taxes on real and business personal property located within Franklin Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the Franklin Parish Tax Assessor and approved by the Louisiana Tax Commission.

Franklin Parish School Board **Notes to the Basic Financial Statements**

The Franklin Parish Sheriff's Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly.

	<u>Property Tax Calendar</u>
Millage rates adopted	September 3, 2002
Levy date	October 1, 2002
Tax bills mailed	November 10, 2002
Due date	December 31, 2002
Lien date	January 1, 2003
Collection date	December 31, 2003
Tax Sale Date - 2002 Delinquent Property	May 14, 2003

Total assessed value was \$68,055,387 in calendar year 2002. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$24,056,506 of the assessed value in calendar year 2002.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

All property taxes are recorded in the general and debt service funds on the basis explained in Note 1. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date. No receivable has been recorded for 2003 property taxes because the lien date is subsequent to year end.

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the 2003 property taxes occurs in December, and January and February of the next year.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:			
Constitutional School Tax	4.41	4.41	N/A
Aid-To-Education	4.45	4.45	2008
Maintenance & Improvements	5.14	5.14	2006

NOTE 4 - DEPOSITS AND INVESTMENTS Cash is classified into three categories to give an indication of the level of risk assumed at year-end. Category 1 includes investments insured or registered or securities which are held by the School Board or its agent in the School Board's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the bank or agent in the School Board's name. Category 3 includes uninsured and unregistered investments with the securities held by the bank or agent but not in the School Board's name. The carrying amount of the School Board's deposits with the financial institutions was 3,409,517 and the bank balance was 1,574,659 at June 30, 2003. The carrying balance is categorized as follows:

	<u>CATEGORY</u>		
	<u>1</u>	<u>2</u>	<u>3</u>
Cash	286,951	2,839,510	-0-

Franklin Parish School Board
Notes to the Basic Financial Statements

The Franklin Parish School Board is under-collateralized at Franklin State Bank by \$283,056.

NOTE 5 - RECEIVABLES

<u>Class of Receivable</u>	<u>General</u>	<u>Title I</u>	<u>HEADSTART</u>	<u>Other Governmental</u>	<u>Total</u>
Taxes:					
Sales and Use	2,866	-0-	-0-	-0-	2,866
Intergovernmental-grants:					
Federal	297,071	293,713	327,372	80,668	998,824
State	110,972	-0-	-0-	13,083	124,055
Local accounts	152,634	2,539	-0-	-0-	155,173
Total	<u>563,543</u>	<u>296,252</u>	<u>327,372</u>	<u>93,751</u>	<u>1,280,918</u>

No allowance for doubtful accounts has been recorded as these receivables are expected to be collected in full.

NOTE 6 - RETIREMENT SYSTEMS Substantially all employees of the School Board are members of two statewide retirement systems which are multiple-employer, cost-sharing public employee retirement systems. In general, professional employees such as teachers, principals and lunchroom workers are members of the Teachers' Retirement System of Louisiana (TRSL); other employees, such as custodial personnel and bus operators, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

Under the TRSL Regular Plan, there are two retirement formulas: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRSL-Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

Funding Policy: As provided by statute, the School Board's employer contributions to the TRSL are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by the statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contributions to the TRSL plans for years ended June 30, 2003, 2002 and 2001 were \$2,676,377, \$2,502,408; and \$2,338,636; respectively, equal to the statutorily required contributions in each year.

The TRSL issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P. O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (225) 925-6446.

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 2.5% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Funding Policy: As provided by statute, the School Board's employer contributions to the LSERS are funded by the State of Louisiana through expenditures by the School Board of state MFP funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by the statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contributions to the LSERS plans for years ended June 30, 2003, 2002 and 2001 were \$95,719, \$87,674; and \$73,257; respectively, equal to the statutorily required contributions in each year.

Franklin Parish School Board
Notes to the Basic Financial Statements

The LSERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, P. O. Box 44516, Capital Station, Baton Rouge, Louisiana 70804 or by calling (225) 925-6484.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS State statutes require the School Board to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees and similar benefits for active employees are provided through the State Employees' Group Benefits Programs whose monthly premiums are paid jointly by the employee and the School Board. The cost of retiree benefits totaled \$1,437,460 for approximately 412 retirees.

NOTE 8 - ACCOUNTS, SALARIES AND OTHER PAYABLES The payables at June 30, 2003 are as follows:

	<u>GENERAL</u>	<u>TITLE I</u>	<u>HEAD- START</u>	<u>SCHOOL LUNCH</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
Salaries	2,062,703	-0-	-0-	-0-	-0-	2,062,703
Accounts	<u>5,867</u>	<u>257,997</u>	<u>272,886</u>	<u>-0-</u>	<u>51,273</u>	<u>588,023</u>
Total	<u>2,068,570</u>	<u>257,997</u>	<u>272,886</u>	<u>-0-</u>	<u>51,273</u>	<u>2,650,726</u>

NOTE 9 - COMPENSATED ABSENCES At June 30, 2003, employees of the School Board have accumulated and vested \$777,368 of employee leave benefits. These employees leave benefits were computed in accordance with GASB Codification Section C60.

NOTE 10 - AGENCY FUND DEPOSITS DUE OTHERS A summary of changes in school activities agency fund deposits due others for the year ended June 30, 2003, follows:

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Agency Funds:				
School Activities Accounts	<u>279,947</u>	<u>861,094</u>	<u>875,709</u>	<u>265,332</u>

NOTE 11 - LONG-TERM LIABILITIES The following is a summary of the long-term obligation transactions for the year ended June 30, 2003:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Other liabilities:				
Compensated absences	<u>631,037</u>	<u>146,331</u>	<u>-0-</u>	<u>777,368</u>

The compensated absences liability attributable to the governmental activities will be liquidated by several of the School Board's governmental funds. In the past, approximately 100% was paid by the general fund.

NOTE 12 - INTERFUND TRANSACTIONS (FFS LEVEL ONLY)

Interfund receivable/payable:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General	569,009	Special Revenue	
		Title I	301,116
		HEADSTART	54,669
		Lunch Fund	82,376
		Other governmental	<u>130,848</u>
Total	<u>569,009</u>		<u>569,009</u>

Franklin Parish School Board
Notes to the Basic Financial Statements

The purpose of interfund receivable/payable is to cover expenditures on cost reimbursement programs until reimbursements are received.
Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	-0-	1,655,813
School Lunch	435,295	-0-
Other governmental		
Parishwide Maintenance	1,220,518	-0-
Totals	<u>1,655,813</u>	<u>1,655,813</u>

The purpose of interfund transfers is to cover operating expenditures.

NOTE 13 - RISK MANAGEMENT The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. There were no material claims outstanding at June 30, 2003.

NOTE 14 - LITIGATION AND CLAIMS

Litigation The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board not covered by insurance would not materially affect the School Board's financial position.

Grant Disallowances The School Board participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. School Board management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 15 - NEW FINANCIAL REPORTING MODEL The Governmental Accounting Standards Board (GASB) issued Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* in June 1999. The Statement, commonly referred to as the new reporting model, retained much of the reporting under the present reporting model, with modifications, and added new information. The two most significant additions are the Management's Discussion and Analysis and the Government-Wide Financial Statements (GWFS). The most apparent modification to the format of the old reporting model that is being carried forward will be the display of major funds in the Fund Financial Statements (FFS), rather than the traditional fund-type display.

NOTE 16-ECONOMIC DEPENDENCY Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entities revenue. The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$14,860,232 to the School Board, which represents approximately 57% of the School Board's total revenue for the year.

NOTE 17-DEFICIT FUND BALANCE A deficit unreserved/undesignated fund balance of \$786,483 exists in the General Fund.

NOTE 18-CHANGE IN ACCOUNTING POLICY The Franklin Parish School Board has elected to eliminate the receivable/payable between the General Fund and the Parish Wide Maintenance Fund. The receivable/payable was initially created by the General Fund transferring funds to the Parish Wide Maintenance Fund for the repair and upkeep of the plant. These transfers were classified as a receivable of the General Fund and a payable of the Parish Wide Maintenance Fund at the time they occurred. To eliminate this receivable/payable, a transfer has been recognized between the two funds. This transfer is shown in the Other Financing Sources section of the Statement of Revenues, Expenditures, and Changes in Fund Balances. The amount of \$1,220,518 is shown as a transfer out of the General Fund and a transfer into the Parish Wide Maintenance Fund.

Franklin Parish School Board
Notes to the Basic Financial Statements

NOTE 19-CHANGE IN ACCOUNTING PRINCIPLE During the year ended June 30, 2003, the Board adopted GASB Statement No. 34 Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments. In accordance with GASB Statement No.34, compensated absences payable not previously recorded in governmental activities were recorded in the government-wide financial statements. The cumulative effect on beginning net assets of these changes was computed as follows:

	Effect on Beginning <u>Net Assets</u>
Increase in Compensated Absences Payable as of July 1, 2002	<u>(631,037)</u>
Cumulative Effect	<u>(631,037)</u>

Franklin Parish School Board

REQUIRED SUPPLEMENTAL INFORMATION

Franklin Parish School Board

Budgetary Comparison Schedules

General Fund and Major Special Revenue Funds With Legally Adopted Annual Budgets

GENERAL FUND The general fund accounts for all activities of the School Board except those that are accounted for in other funds.

TITLE I To improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Primarily for provision of compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

HEADSTART To provide a comprehensive child development program for 3- and 4-year old children from low income families. The program serves both the child and the family.

SCHOOL LUNCH The school lunch fund accounts for activities of the school board's food service program.

FRANKLIN PARISH SCHOOL BOARD

GENERAL FUND Budgetary Comparison Schedule For the Year Ended June 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	849,444	849,444	1,532,053	682,609
Resources (inflows)				
Local Sources:				
Ad valorem taxes	388,535	388,535	461,646	73,111
Sales and use taxes	2,445,394	2,445,394	2,676,376	230,982
Interest earnings	21,843	21,843	9,726	(12,117)
Other	590,829	590,829	605,246	14,417
State Sources:				
Equalization	14,620,000	14,860,232	14,860,232	-0-
Other	1,340,313	1,340,313	941,035	(399,278)
Federal Sources	695,489	695,489	1,216,042	520,553
Amounts available for appropriations	20,951,847	21,192,079	22,302,356	1,110,277
Charges to appropriations (outflows)				
Instruction:				
Regular programs	10,319,554	10,931,873	10,918,879	12,994
Special programs	3,267,511	2,888,402	4,309,761	(1,421,359)
Support services:				
Student services	407,584	407,584	424,073	(16,489)
Instructional staff support	510,753	510,753	454,928	55,825
General administration	592,792	592,792	631,662	(38,870)
School administration	931,526	931,526	1,023,902	(92,376)
Business services	273,037	273,037	319,408	(46,371)
Plant services	1,305,581	1,305,581	1,250,166	55,415
Student transportation services	1,860,855	1,860,855	1,989,284	(128,429)
Food services	83,251	83,251	109,463	(26,212)
Community services	1,875	1,875	1,500	375
Transfers to other funds	422,687	422,867	1,655,813	(1,232,946)
Total charges to appropriations	19,977,006	20,210,396	23,088,839	(2,878,443)
BUDGETARY FUND BALANCES, ENDING	974,841	981,683	(786,483)	(1,768,166)

FRANKLIN PARISH SCHOOL BOARD

TITLE I Budgetary Comparison Schedule For the Year Ended June 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	-0-	-0-	-0-	-0-
Resources (inflows)				
Federal sources	<u>1,648,315</u>	<u>1,648,315</u>	<u>1,648,315</u>	<u>-0-</u>
Amounts available for appropriations	1,648,315	1,648,315	1,648,315	-0-
Charges to appropriations (outflows)				
Instruction:				
Special programs	1,175,977	1,175,977	1,175,977	-0-
Support services:				
Student services	38,934	38,934	38,934	-0-
Instructional staff support	198,160	198,160	198,160	-0-
General administration	123,771	123,771	123,771	-0-
Business services	6,993	6,993	6,993	-0-
Plant services	<u>104,480</u>	<u>104,480</u>	<u>104,480</u>	<u>-0-</u>
Total charges to appropriations	<u>1,648,315</u>	<u>1,648,315</u>	<u>1,648,315</u>	<u>-0-</u>
BUDGETARY FUND BALANCES, ENDING	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

FRANKLIN PARISH SCHOOL BOARD

HEADSTART

Budgetary Comparison Schedule For the Year Ended June 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	-0-	-0-	-0-	-0-
Resources (inflows)				
Local sources:				
Other	40	40	40	-0-
In-kind Revenue	301,315	301,315	301,315	-0-
Federal sources	<u>1,200,392</u>	<u>1,200,392</u>	<u>1,200,392</u>	<u>-0-</u>
Amounts available for appropriations	1,501,747	1,501,747	1,501,747	-0-
Changes to appropriations (outflows)				
Instruction:				
Special programs	659,367	659,367	659,367	-0-
Support services:				
Instructional staff support	90,958	90,958	90,958	-0-
General administration	4,522	4,522	4,522	-0-
Business services	39,173	39,173	39,173	-0-
Plant services	229,228	229,228	229,228	-0-
Student transportation services	147,439	147,439	147,439	-0-
In-kind Expense	301,315	301,315	301,315	-0-
Food services	<u>29,745</u>	<u>29,745</u>	<u>29,745</u>	<u>-0-</u>
Total charges to appropriations	<u>1,501,747</u>	<u>1,501,747</u>	<u>1,501,747</u>	<u>-0-</u>
BUDGETARY FUND BALANCES, ENDING	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

FRANKLIN PARISH SCHOOL BOARD

SCHOOL LUNCH

Budgetary Comparison Schedule For the Year Ended June 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	580,221	687,462	646,276	(41,186)
Resources (inflows)				
Local sources:				
Interest earnings	-0-	-0-	3,397	3397
Food services	169,763	162,569	162,646	77
Other	4,737	5,795	3,627	(2,168)
Federal sources	1,358,298	1,354,230	1,354,329	99
Transfers from other funds	<u>437,042</u>	<u>438,923</u>	<u>435,295</u>	<u>(3,628)</u>
Amounts available for appropriations	2,550,061	2,648,979	2,605,570	(43,409)
Charges to appropriations (outflows)				
Food services	<u>1,876,763</u>	<u>1,853,251</u>	<u>1,866,884</u>	<u>(13,633)</u>
Total charges to appropriations	<u>1,876,763</u>	<u>1,853,251</u>	<u>1,866,884</u>	<u>(13,633)</u>
BUDGETARY FUND BALANCES, ENDING	<u>673,298</u>	<u>795,728</u>	<u>738,686</u>	<u>(57,042)</u>

Franklin Parish School Board
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2003

A. BUDGETS

General Budget Practices The School Board follows these procedures in establishing the budgetary data reflected in the financial statements:

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year prior to September, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue funds. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

Formal Budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered insignificant by the Board.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Budget Basis of Accounting All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 2003:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>20,210,396</u>	<u>23,088,839</u>	<u>2,878,443</u>
Lunch Fund	<u>1,853,251</u>	<u>1,866,884</u>	<u>13,633</u>

General Fund - Actual expenditures exceeded appropriations for two reasons:

1. There was an underestimation of expenditures for the special programs.
2. There was an adjustment for amounts due from the parish wide maintenance fund. This adjustment is shown as transfers to other funds in the amount of \$1,220,518. This was done after the last budget revision.

Lunch Fund - Actual expenditures exceeded appropriations as a result of unanticipated accruals occurring after the last budget revision.

FRANKLIN PARISH SCHOOL BOARD

Notes to Budgetary Comparison Schedules For the Year Ended June 30, 2003

Note C - Budget To GAAP Reconciliation - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures.

	<u>GENERAL FUND</u>	<u>TITLE I</u>	<u>HEADSTART</u>	<u>SCHOOL LUNCH</u>
<u>Sources/inflows of resources:</u>				
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	22,302,356	1,648,315	1,501,747	2,605,570
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,532,053)	-0-	-0-	(646,276)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(435,295)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>20,770,303</u>	<u>1,648,315</u>	<u>1,501,747</u>	<u>1,523,999</u>
<u>Uses/outflows of resources:</u>				
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	23,088,839	1,648,315	1,501,747	1,866,884
Transfer to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,655,813)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>21,433,026</u>	<u>1,648,315</u>	<u>1,501,747</u>	<u>1,866,884</u>

Franklin Parish School Board

SUPPLEMENTAL INFORMATION

Franklin Parish School Board

**COMBINING
NONMAJOR GOVERNMENTAL FUNDS -
BY FUND TYPE**

FRANKLIN PARISH SCHOOL BOARD
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
June 30, 2003

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	123,148	18,334	141,482
Receivables	<u>93,751</u>	<u>-0-</u>	<u>93,751</u>
TOTAL ASSETS	<u>216,899</u>	<u>18,334</u>	<u>235,233</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	51,273	-0-	51,273
Interfund payables	<u>130,848</u>	<u>-0-</u>	<u>130,848</u>
Total Liabilities	<u>182,121</u>	<u>-0-</u>	<u>182,121</u>
Fund Balances:			
Reserved for debt service	-0-	18,334	18,334
Unreserved, reported in Special Revenue	<u>34,778</u>	<u>-0-</u>	<u>34,778</u>
Total Fund Balances	<u>34,778</u>	<u>18,334</u>	<u>53,112</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>216,899</u>	<u>18,334</u>	<u>235,233</u>

FRANKLIN PARISH SCHOOL BOARD

NONMAJOR GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended June 30, 2003

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
REVENUES			
Local sources:			
Taxes			
Ad valorem	236,436	-0-	236,436
Interest earnings	290	-0-	290
State sources:			
Other	51,744	-0-	51,744
Federal sources	<u>505,182</u>	<u>-0-</u>	<u>505,182</u>
Total revenues	793,652	-0-	793,652
EXPENDITURES			
Current:			
Instruction:			
Special programs	556,926	-0-	556,926
Support services:			
Plant services	<u>417,469</u>	<u>3,930</u>	<u>421,399</u>
Total Expenditures	<u>974,395</u>	<u>3,930</u>	<u>978,325</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(180,743)	(3,930)	(184,673)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,220,518</u>	<u>-0-</u>	<u>1,220,518</u>
Total Other Financing Sources (Uses)	<u>1,220,518</u>	<u>-0-</u>	<u>1,220,518</u>
Net Change in Fund Balances	1,039,775	(3,930)	1,035,845
FUND BALANCES - BEGINNING	<u>(1,004,997)</u>	<u>22,264</u>	<u>(982,733)</u>
FUND BALANCES - ENDING	<u>34,778</u>	<u>18,334</u>	<u>53,112</u>

Franklin Parish School Board

Nonmajor Special Revenue Funds

PARISHWIDE MAINTENANCE - To account for 5.14 mills property tax proceeds dedicated to maintenance of school property.

K-3 READING/MATH INITIATIVE - To improve the reading and math skills of public school students in kindergarten through third grade by providing comprehensive and ongoing staff development to teachers so they will learn and employ effective strategies for reaching children with diverse learning styles and special needs.

TITLE II - Combines the Eisenhower Professional Development State Grants and Class-Size Reduction programs into one program that focuses on preparing, training and recruiting high-quality teachers.

TITLE IV - Safe and Drug-Free School program to support programs designed to reduce drug, alcohol and tobacco use and violence through education and prevention activities in school.

TITLE V - To encourage comprehensive systematic school reform, upgrade institutional and professional development to align with high standards, strengthen accountability and promote the coordination of resources to improve education for all children.

WARD 8 MAINTENANCE - To account for property tax proceeds dedicated to maintenance of Ward 8 school property.

WARD 9 MAINTENANCE - To account for property tax proceeds dedicated to maintenance of Ward 9 school property.

FRANKLIN PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2003

	<u>PARISHWIDE MAINTENANCE</u>	<u>K-3 READING/ MATH INITIATIVE</u>	<u>TITLE II</u>	<u>TITLE IV</u>
ASSETS				
Cash and cash equivalents	6,410	4,900	80,607	403
Receivables	<u>-0-</u>	<u>13,083</u>	<u>53,448</u>	<u>23,103</u>
TOTAL ASSETS	<u>6,410</u>	<u>17,983</u>	<u>134,055</u>	<u>23,506</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts, salaries and other payables	-0-	2,391	25,341	22,650
Interfund payable	<u>-0-</u>	<u>15,592</u>	<u>108,714</u>	<u>856</u>
Total Liabilities	<u>-0-</u>	<u>17,983</u>	<u>134,055</u>	<u>23,506</u>
Fund Equity				
Fund Balances:				
Unreserved and undesignated	<u>6,410</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Equity	<u>6,410</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>6,410</u>	<u>17,983</u>	<u>13,055</u>	<u>23,506</u>

<u>TITLE V</u>	<u>WARD 8 MAINTENANCE</u>	<u>WARD 9 MAINTENANCE</u>	<u>TOTAL</u>
2,460	921	27,447	123,148
<u>4,117</u>	<u>-0-</u>	<u>-0-</u>	<u>93,751</u>
<u>6,577</u>	<u>921</u>	<u>27,447</u>	<u>216,899</u>
891	-0-	-0-	51,273
<u>5,686</u>	<u>-0-</u>	<u>-0-</u>	<u>130,848</u>
<u>6,577</u>	<u>-0-</u>	<u>-0-</u>	<u>182,121</u>
<u>-0-</u>	<u>921</u>	<u>27,447</u>	<u>34,778</u>
<u>-0-</u>	<u>921</u>	<u>27,447</u>	<u>34,778</u>
<u>6,577</u>	<u>921</u>	<u>27,447</u>	<u>216,899</u>

FRANKLIN PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2003

	<u>PARISHWIDE MAINTENANCE</u>	<u>K-3 READING/ MATH INITIATIVE</u>	<u>TITLE II</u>	<u>TITLE IV</u>
REVENUES				
Local sources:				
Interest earnings	290	-0-	-0-	-0-
Ad valorem taxes	235,573	-0-	-0-	-0-
State sources:				
Restricted	-0-	51,744	-0-	-0-
Federal sources	<u>-0-</u>	<u>-0-</u>	<u>434,064</u>	<u>43,642</u>
Total Revenues	235,863	51,744	434,064	43,642
EXPENDITURES				
Current:				
Instruction:				
Special Programs	-0-	51,744	434,064	43,642
Support services:				
Plant services	<u>404,937</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>404,937</u>	<u>51,744</u>	<u>434,064</u>	<u>43,642</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(169,074)	-0-	-0-	-0-

<u>TITLE V</u>	<u>WARD 8 MAINTENANCE</u>	<u>WARD 9 MAINTENANCE</u>	<u>TOTAL</u>
-0-	-0-	-0-	290
-0-	-0-	863	236,436
-0-	-0-	-0-	51,744
<u>27,476</u>	<u>-0-</u>	<u>-0-</u>	<u>505,182</u>
27,476	-0-	863	793,652
27,476	-0-	-0-	556,926
<u>-0-</u>	<u>-0-</u>	<u>12,532</u>	<u>417,469</u>
<u>27,476</u>	<u>-0-</u>	<u>12,532</u>	<u>974,395</u>
-0-	-0-	(11,669)	(180,743)

FRANKLIN PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2003

	<u>PARISHWIDE MAINTENANCE</u>	<u>K-3 READING/ MATH INITIATIVE</u>	<u>TITLE II</u>	<u>TITLE IV</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>1,220,518</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,220,518</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,051,444	-0-	-0-	-0-
FUND BALANCES - BEGINNING	<u>(1,045,034)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCES - ENDING	<u>6,410</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

<u>TITLE V</u>	<u>WARD 8 MAINTENANCE</u>	<u>WARD 9 MAINTENANCE</u>	<u>TOTAL</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,220,518</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,220,518</u>
-0-	-0-	(11,669)	1,039,775
<u>-0-</u>	<u>921</u>	<u>39,116</u>	<u>(1,004,997)</u>
<u>-0-</u>	<u>921</u>	<u>27,447</u>	<u>34,778</u>

Franklin Parish School Board

Nonmajor Debt Service Funds

The debt service funds are used to accumulate monies to pay outstanding bond issues. The bonds were issued by the respective school districts to acquire lands for building sites and to purchase, erect, and improve school buildings, equipment, and furnishings. The bond issues were financed by and ad valorem tax on property within the territorial boundaries of the respective wards.

Ward 1	Sinking Funds
Ward 2	Sinking Funds
Ward 3	Sinking Funds
Ward 4	Sinking Funds
Ward 7	Sinking Funds
Ward 8	Sinking Funds
Ward 9	Sinking Funds

FRANKLIN PARISH SCHOOL BOARD

NONMAJOR DEBT SERVICE FUNDS

Combining Balance Sheet

June 30, 2003

	<u>WARD 1</u> <u>SINKING FUND</u>	<u>WARD 2</u> <u>SINKING FUND</u>	<u>WARD 3</u> <u>SINKING FUND</u>	<u>WARD 4</u> <u>SINKING FUND</u>
ASSETS				
Cash and Cash Equivalents	<u>89</u>	<u>862</u>	<u>18</u>	<u>3712</u>
TOTAL ASSETS	<u>89</u>	<u>862</u>	<u>18</u>	<u>3712</u>
LIABILITIES AND FUND BALANCES				
Fund Balance:				
Reserved for Debt Service	<u>89</u>	<u>862</u>	<u>18</u>	<u>3712</u>
Total Fund Balance	<u>89</u>	<u>862</u>	<u>18</u>	<u>3712</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>89</u>	<u>862</u>	<u>18</u>	<u>3712</u>

<u>WARD 7</u> <u>SINKING FUND</u>	<u>WARD 8</u> <u>SINKING FUND</u>	<u>WARD 9</u> <u>SINKING FUND</u>	<u>TOTAL</u>
<u>434</u>	<u>3,113</u>	<u>10,106</u>	<u>18,334</u>
<u>434</u>	<u>3,113</u>	<u>10,106</u>	<u>18,334</u>
<u>434</u>	<u>3,113</u>	<u>10,106</u>	<u>18,334</u>
<u>434</u>	<u>3,113</u>	<u>10,106</u>	<u>18,334</u>
<u>434</u>	<u>3,113</u>	<u>10,106</u>	<u>18,334</u>

FRANKLIN PARISH SCHOOL BOARD

**NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2003**

	<u>WARD 1</u> <u>SINKING FUND</u>	<u>WARD 2</u> <u>SINKING FUND</u>	<u>WARD 3</u> <u>SINKING FUND</u>	<u>WARD 4</u> <u>SINKING FUND</u>
REVENUES				
Local sources:				
Ad valorem taxes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Plant services	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCES - BEGINNING	<u>89</u>	<u>862</u>	<u>18</u>	<u>3,712</u>
FUND BALANCES - ENDING	<u>89</u>	<u>862</u>	<u>18</u>	<u>3,712</u>

<u>WARD 7</u> <u>SINKING FUND</u>	<u>WARD 8</u> <u>SINKING FUND</u>	<u>WARD 9</u> <u>SINKING FUND</u>	<u>TOTAL</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,930</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,930</u>
<u>-0-</u>	<u>-0-</u>	<u>(3,930)</u>	<u>(3,930)</u>
<u>434</u>	<u>3,113</u>	<u>14,036</u>	<u>22,264</u>
<u>434</u>	<u>3,113</u>	<u>10,106</u>	<u>18,334</u>

Franklin Parish School Board

Agency Fund

SCHOOL ACTIVITIES AGENCY FUND The activities of the various individual school accounts are accounted for in the school activities agency fund. While the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

FRANKLIN PARISH SCHOOL BOARD

SCHOOL ACTIVITIES AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2003

<u>School</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Baskin	25,075	119,675	116,810	27,940
Crowville	43,663	207,377	215,287	35,753
Fort Necessity	43,193	59,348	53,567	48,974
Gilbert	29,908	44,911	48,947	25,872
Ogden	7,207	20,421	22,190	5,438
Ward III	22,076	100,801	100,214	22,663
Winnsboro Elementary	37,547	49,242	55,373	31,416
Winnsboro Jr. High	7,409	51,300	45,682	13,027
Winnsboro High	58,532	171,386	186,252	43,666
Wisner Elementary	171	36,530	31,387	5,314
Wisner High	<u>5,166</u>	<u>103</u>	<u>-0-</u>	<u>5,269</u>
Total	<u>279,947</u>	<u>861,094</u>	<u>875,709</u>	<u>265,332</u>

Franklin Parish School Board

General

**SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
For the Year Ended June 30, 2003**

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the general fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$350 per month, and the president receives \$400 per month for performing the duties of this office.

Mrs. Jan Bland	3,150
Mrs. Dorothy Brown	4,200
Mr. Rickey Donnell	1,050
Mr. James Harris	4,200
Mrs. Louise Johnson	4,200
Mrs. Bobbie Johnston	4,200
Mr. Gregory Kincaid	3,150
Mr. J. W. Mercer	3,600
Mr. Lawrence Roberts	1,050
Mr. A. L. Rhodes	<u>1,200</u>
	<u>30,000</u>

MARCUS, ROBINSON and HASSELL

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board Members

Franklin Parish School Board

Winnsboro, Louisiana

We have audited the financial statements of Franklin Parish School Board as of and for the year ended June 30, 2003, and have issued our report thereon dated February 24, 2004. Because of the omission of capital assets, and the related depreciation, our report on the basic financial statements included an adverse opinion on the financial statements taken as a whole. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance

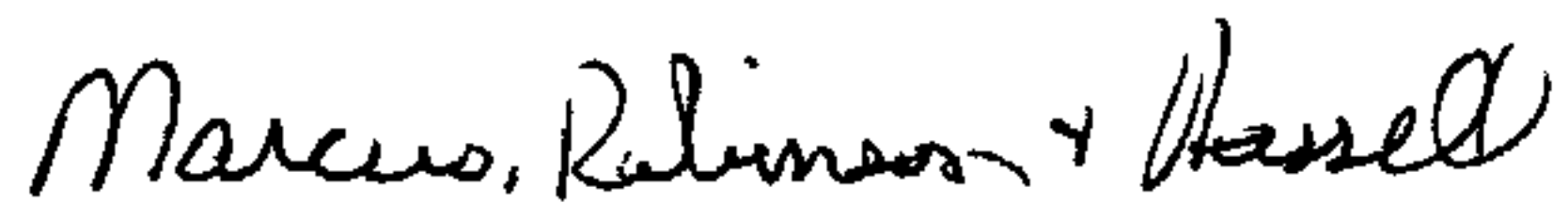
As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed nine instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and questioned costs as items 03-01, 03-02, 03-03, 03-04, 03-05, 03-06, 03-07, 03-08, 03-09, and 03-10.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 03-01, 03-02, 03-03, 03-04, 03-05, 03-06, 03-07, 03-08, 03-09 and 03-10.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Marcus, Robinson & Hassell". The script is cursive and fluid.

MARCUS, ROBINSON & HASSELL, CPAs

Winnsboro, Louisiana
February 24, 2003

MARCUS, ROBINSON and HASSELL

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**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular No. A-133**

Board Members
Franklin Parish School Board
Winnsboro, Louisiana

Compliance

We have audited the compliance of Franklin Parish School Board with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

In our opinion the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur, and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be a material weakness. Because of the omission of capital assets, and the related depreciation, our report on the basic financial statements included an adverse opinion on the financial statements taken as a whole.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Marcus, Robinson & Hassell".

MARCUS, ROBINSON & HASSELL, CPAs

Winnsboro, Louisiana
February 24, 2003

Franklin Parish School Board

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2003

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
<u>CASH FEDERAL AWARDS</u>			
United States Department of Agriculture Passed through Louisiana Department of Education:			
*School Breakfast Program	10.553	N/A	360,766
*National School Lunch Program	10.555	N/A	<u>902,076</u>
Total United States Department of Agriculture			<u>1,262,842</u>
United States Department of Education Passed through Louisiana Department of Education:			
*Title I	84.010	03-IASA-42-1	1,648,315
*Title II	84.367	03-SU-42	434,064
Title IV	84.186	03-IASA-42-IV	43,642
Title V	84.298	03-80-21	27,476
Adult Education	84.002	03-AE-42BG	30,303
Vocational Education	84.048	SB42/01-03	84,914
Rural Education Achievement Program	84.358	03-RE-21	73,666
Technology Literacy Challenge	84.318	03-LCF-42-F	298,338
Class Size Reduction	84.340	03-01-21	67,089
Special Education:			
*Grants to States	84.027	03-FT-42	536,902
Preschool Grants	84.173	03-PF-42	18,967
Grants for Infants and Families With Disabilities	84.181	03-C3-21	<u>9,972</u>
Total United States Department of Education			<u>3,273,648</u>
United States Department of Defense Direct Program:			
Department of the Army ROTC	12.609	LA21126	<u>63,751</u>
United States Department of Labor Passed through the Private Industry Council			
Work Force Investment Act	17.259	080700-09	<u>32,140</u>
United States Department of Health and Human Services Direct Program:			
*Head Start	93.600	06-CH-7015101	<u>1,200,392</u>
TOTAL CASH FEDERAL AWARDS			<u>5,832,773</u>
<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>

NONCASH FEDERAL AWARDS

United States Department of Agriculture Passed Through Louisiana Department of Education Food Distribution (Commodities)	10.550	N/A	<u>91,487</u>
TOTAL FEDERAL AWARDS			<u>5,924,260</u>

***Denotes Major Programs**

Franklin Parish School Board
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

Note 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Franklin Parish School Board, Winnsboro, Louisiana. The Franklin Parish School Board (the School Board) reporting entity is defined in Note 1 to the School Board's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule.

Note 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's basic financial statements.

Note 3 - RELATIONSHIP TO FINANCIAL STATEMENTS Federal awards revenues are reported in the School Board's basic financial statements as follows:

	<u>FEDERAL SOURCES</u>
General Fund	1,216,042
Special Revenue Funds	
Title I	1,648,315
Head Start	1,200,392
School Lunch	1,354,329
Title II	434,064
Title IV	43,642
Title V	<u>27,476</u>
	<u>5,924,260</u>

Note 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

Note 5 - NONCASH PROGRAMS The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture.

Note 6 - MAJOR FEDERAL AWARDS The dollar threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**Franklin Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003**

PART I - Summary of the auditors' results

Financial statement audit

- i. The type of audit report issued was adverse.
- ii. There were ten reportable conditions required to be disclosed by the *Government Auditing Standards* issued by the Comptroller General of the United States of America.
- iii. There were ten instances of noncompliance considered material, as defined by *Government Auditing Standards*, to the financial statements.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular A-133.
- v. The type of report the auditor issued on compliance of major federal awards was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal awards are:
 - CFDA #93.600 Head Start
 - CFDA #84.010 Title I Program
 - CFDA #84.367 Title II Improving Teacher Quality State Grants
 - CFDA #84.027 Special Education - Grants to States

 - Child Nutrition Cluster (as defined by OMB Circular A-133 Compliance Supplement)
 - CFDA #10.553 School Breakfast Program
 - CFDA #10.555 National School Lunch Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as defined in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The auditee does qualify as a low-risk auditee under OMB Circular A-13, Section .530.

**Franklin Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Finding Reference # and Title: 03-01

Incomplete Accounting for Capital Assets

Condition: The Franklin Parish School Board has not fully completed their requirements with the provisions of GASB 34 regarding an implementation of accounting for capital assets. Current requirements are that the School Board have a complete accounting for capital assets.

Recommendation: The School Board should assign an employee to oversee the requirements regarding the capital assets under GASB 34.

Finding Reference # and Title: 03-02

Under-Collateralized Funds

Condition: The Franklin Parish School Board has under-collateralized funds at one financial institution.

Recommendation: The School Board should request monthly pledged securities reports from all banks. These should be compared to cash on hand at each respective bank. If it is determined that some funds are not adequately collateralized, additional securities should be pledged.

Finding Reference # and Title: 03-03

Prior Year Adjusting Entries Not Recorded

Condition: The Franklin Parish School Board did not record the year-end adjusting entries from the prior year audit.

Recommendation: The School Board should record and post all year-end adjusting entries from the prior year audit. These will make the School Board's internal financial statements better reflect the financial position.

Finding Reference # and Title: 03-04

Penalties and Interest Paid on Payroll Taxes

Condition: The Franklin Parish School Board is consistently assessed penalties and interest by the Internal Revenue Service for not meeting payroll tax deposit requirements on a timely basis.

Recommendation: The School Board should send the payroll clerk to continuing education so that she is up to date on requirements for payroll taxes. The business manager should also see that these payroll tax requirements are met on a timely basis.

Finding Reference # and Title: 03-05

Disbursement of certain grant funds not made for related expenses on a timely basis

Condition: The Franklin Parish School Board did not disburse certain grant funds for their related expenses in a timely manner.

Recommendation: The School Board should pay the expenses related to grants in a timely manner after the grant is received.

Finding Reference # and Title: 03-06

Large unfavorable variances among budgeted items

Condition: The Franklin Parish School Board has not fully completed their requirements with provisions of R.S. 39:1310 regarding budgetary authority and control. Current requirements are that the School Board stay within 5% of its budgeted to actual expenditures. The School Board did not monitor the budget during the year.

**Franklin Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003**

Recommendation: Budget to actual expenditures should be monitored during the year and the budget should be amended if necessary.

Finding Reference # and Title: 03-07

**Employee charging time to School Board
activities and Head Start activities
simultaneously**

Condition: The Franklin Parish School Board was paying the director of Head Start while he was charging the same time to the Head Start Program.

Recommendation: The School Board should request that the employee reimburse the Head Start Program for the hours he was performing School Board activity while being paid by Head Start.

Finding Reference # and Title: 03-08

**School Board used excess MFP money, earmarked for
certified teacher raises to pay employees not qualified for
the raises. Not all earmarked money used.**

Condition: The Franklin Parish School Board was required to give pay raises to full-time certified staff. This pay raise was mandated by the Department of Education to be paid from MFP funding. The School Board was to pay out \$177,924 in pay raises to the qualified recipients. The School Board only paid out \$172,150, \$5,774 less than required. A portion of these raises was paid to nonqualified recipients.

Recommendation: The School Board should review the policies and procedures relating to these pay raises. The School Board should also review these pay raises in the future to ensure that they are disbursed in accordance with the requirements of the Department of Education.

Finding Reference # and Title: 03-09

School Board mishandled lost checks.

Condition: The Franklin Parish School Board issued three checks to Mrs. Louise Johnson which were lost. These checks were reissued, however, the original checks were not voided and a stop payment was not placed on them.

Recommendation: The School Board should have a policy in place to account for all reissued checks. The original checks should be voided on the School Board books and either the original check be collected and clearly marked "void" or, if the original check cannot be obtained because it is lost, a stop payment should be placed on the check.

Finding Reference # and Title: 03-10

**Late filing of audit reports with Legislative
Auditor.**

Condition: The Franklin Parish School Board has not fully completed their requirements with the provisions of R.S. 24:513 regarding the timing of report filing with the Legislative Auditor. Current requirements are that the reports be filed with the Legislative Auditor within six months of the Board's year end.

Recommendation: The School Board should work with their independent auditor to ensure the reporting of their financial information is done in a timely manner.

**Franklin Parish School Board
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2003**

SECTION I - Internal Control and Compliance Material to the Financial Statements

FINDINGS

RESPONSE

02-1 - Incomplete Accounting for General Fixed Assets

Unresolved. See Finding 03-01.

The requirements regarding implementation of accounting for general fixed assets have not been fully met.

02-2 - Under-Collateralized Funds

Unresolved. See Finding 03-02.

The School Board is under-collateralized at one financial institution.

SECTION II - Management Letter

None issued.

Franklin Parish School Board

OTHER INFORMATION

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WINNSBORO, LOUISIANA 71295

Harvey Marcus, CPA

John Robinson, CPA

Doyle Hassell, CPA

Christie Fenn, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED UPON PROCEDURES

To the Franklin Parish School Board
Winnsboro, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Franklin Parish School Board, Winnsboro, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Franklin Parish School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures;
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue;
- Total Local Earnings on Investment in Real Property;
- Total State Revenue in Lieu of Taxes;
- Nonpublic Textbook Revenue; and
- Nonpublic Transportation Revenue.

Differences noted - none.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1.

Differences noted - none.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Differences noted - none.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was

properly classified on the schedule.

Differences noted - none.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Differences noted - none.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Differences noted - none.

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers, including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation and full-time equivalents were properly included on the schedule.

Differences noted - none.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Differences noted - none.

Class-Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to October 1st roll books for these classes and determined if the class was properly classified on the Schedule.

Differences noted - Of the 10 classes selected, 2 did not match the October 1st roll books as classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Franklin Parish School Board.

Differences noted - none.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Franklin Parish School Board.

Differences noted - none.

The IOWA Tests (Schedule 9)

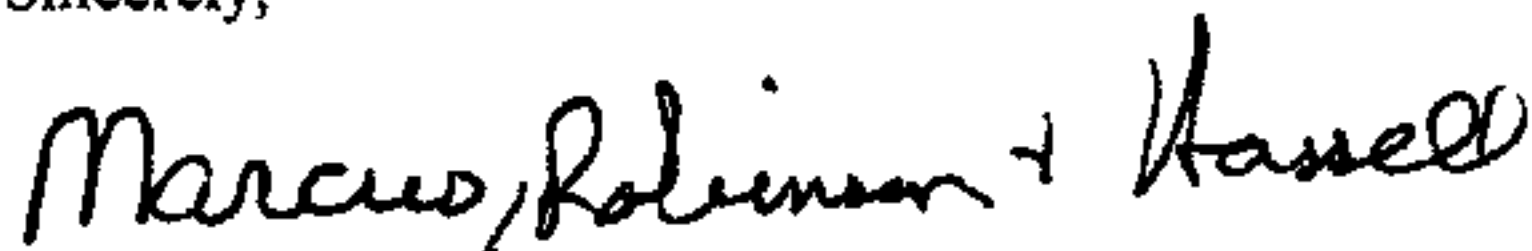
12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Franklin Parish School Board.

Differences noted - none.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended for the use of management of Franklin Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

A handwritten signature in black ink that reads "Marcus, Robinson & Hassell". The signature is written in a cursive, flowing style.

MARCUS, ROBINSON & HASSELL, CPAs
February 28, 2004

SCHEDULE 1**Franklin Parish School Board
Winnsboro, Louisiana****General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2003****General Fund Instructional and Equipment Expenditures****EXPENDITURES**

Regular Programs	10,128,456
Special Ed Programs	1,654,185
Vo Ed Programs	542,571
Other Inst. Programs	789,677
Special Programs	259,300
Pupil Support	423,614
Less Eqmt.	-0-
Inst. Staff	580,325
Less Eqmt.	-0-
Total	<u>14,378,128</u>
Less Non-Public Textbooks Rev.	<u>-0-</u>
Total Instructional Expenditures	<u>14,378,128</u>

General Adm.	590,270
School Adm.	1,041,706
Business Services	319,408
Operation & Maintenance	1,249,071
Student Trans.	1,884,980
Central Services	-0-
Food Service Operations	<u>109,763</u>
Total	<u>5,195,198</u>
Less Non-Public Trans. Rev.	<u>-0-</u>
Total Support Expenditures	<u>5,195,198</u>

Total Support Plus Instructional 19,573,326

\$14,378,128 divided by \$19,573,326 = 73.46%

Certain Local Revenue Sources**REVENUE****Local Taxation Revenue:**

Constitutional Ad Valorem Taxes	189,299
Renewable Ad Valorem Taxes	191,199
Debt Service Ad Valorem Tax	-0-
Up to 1% Collected by Sheriff	38,706
Sales and Use Taxes	<u>2,676,376</u>
Total Local Taxation Revenue	<u>3,095,580</u>

Local Earnings on Investment in Real Property

Earnings from 16 th Section Property	2,575
Earnings from Other Real Property	<u>-0-</u>
Total Local Earning on Invstmt. In Real Property	<u>2,575</u>

State Revenue in Lieu of Taxes

Revenue Sharing-Constitutional Tax	21,041
Revenue Sharing-Other Taxes	21,401
Revenue Sharing-Excess Portion	-0-
Other Revenue in Lieu of Taxes	<u>-0-</u>
Total State Rev. in Lieu of Taxes	<u>42,442</u>

Nonpublic Textbook Revenue	-0-
Nonpublic Transportation Revenue	<u>-0-</u>
Total	<u>-0-</u>

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**Education Levels of Public School Staff
As of October 1, 2002**

SCHEDULE 2

Category	Full-Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0%	0	0%	0	0%	0	0%
Bachelor's Degree	139	49%	74	26%	0	0%	0	0%
Master's Degree	36	13%	1	<1%	3	20%	0	0%
Master's Degree + 30	34	12%	0	0%	10	67%	0	0%
Specialist in Education	2	1%	0	0%	2	13%	0	0%
Ph.D. or Ed.D.	0	0%	0	0%	0	0%	0	0%
Total	211	74%	75	26%	15	100%	0	0%

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**Number and Type of Public Schools
For the Year Ended
June 30, 2003**

SCHEDULE 3

Type	Number
Elementary	3
Middle/Jr. High	2
Secondary	2
Combination	3
Total	10

Note: Schools opened or closed during the fiscal year are included in this schedule.

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**Experience of Public Principals and Full-Time Classroom Teachers
As of October 1, 2002**

SCHEDULE 4

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	2	1	2	0	0	0	0	5
Principals	3	2	5	0	0	0	0	10
Classroom Teachers	51	28	62	35	25	21	64	286
Total	56	31	69	35	25	21	64	301

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**Public School Staff Data
For the Year Ended
June 30, 2003**

SCHEDULE 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teacher's Salary Including Extra Compensation	\$34,469.67	\$34,796.00
Average Classroom Teacher's Salary Excluding Extra Compensation	\$32,885.92	\$33,198.07
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries	224.9	211.9

Note: Figures reported include all sources of funding, (i.e., federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**Class Size Characteristics
As of October 1, 2002**

SCHEDULE 6

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	57%	131	40%	93	3%	6	0%	0
Elementary Activity Classes	36%	41	48%	54	16%	18	0%	0
Middle/Jr. High	82%	182	18%	40	<1%	1	0%	0
Middle/Jr. High Activity Classes	74%	75	9%	9	17%	17	0%	0
High	70%	214	29%	88	1%	3	0%	0
High Activity Classes	85%	73	14%	12	1%	1	0%	0
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended
June 30, 2003

SCHEDULE 7

District Achievement Level Results	English Language Arts						Mathematics					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	3	1%	2	1%	0	0%	5	2%	3	1%	3	1%
Proficient	20	6%	36	10%	31	10%	23	7%	26	8%	17	5%
Basic	102	33%	117	34%	128	40%	109	35%	91	27%	108	34%
Approaching Basic	102	33%	107	31%	96	30%	77	25%	82	24%	92	29%
Unsatisfactory	82	27%	82	24%	65	20%	95	31%	141	40%	100	31%
Total	309	100%	344	100%	320	100%	309	100%	343	100%	320	100%

District Achievement Level Results	Science						Social Studies					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	5	2%	7	2%	2	1%	2	1%	1	0%	0	0%
Proficient	20	6%	25	7%	20	6%	24	8%	23	7%	11	4%
Basic	81	26%	115	34%	109	34%	100	32%	116	34%	119	37%
Approaching Basic	123	40%	119	35%	126	39%	90	29%	85	25%	108	34%
Unsatisfactory	80	26%	77	22%	63	20%	93	30%	118	34%	81	25%
Total	309	100%	343	100%	320	100%	309	100%	343	100%	320	100%

District Achievement Level Results	English Language Arts						Mathematics					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	2	1%	4	1%	0	0%	4	2%	4	1%	0	0%
Proficient	30	12%	27	9%	22	8%	5	2%	9	3%	6	2%
Basic	92	38%	77	26%	103	39%	104	37%	99	31%	110	37%
Approaching Basic	82	33%	145	48%	102	38%	84	30%	99	31%	90	30%
Unsatisfactory	38	16%	47	16%	39	15%	82	29%	109	34%	95	31%
Total	244	100%	300	100%	266	100%	279	100%	320	100%	301	100%

District Achievement Level Results	Science						Social Studies					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	1	0%	0	0%	1	0%	0	0%	1	0%	2	0%
Proficient	39	17%	31	11%	17	7%	14	6%	19	7%	15	6%
Basic	76	32%	102	35%	87	35%	102	43%	112	38%	99	40%
Approaching Basic	84	35%	91	31%	95	38%	74	31%	88	31%	89	28%
Unsatisfactory	39	16%	87	23%	50	20%	49	20%	71	24%	65	26%
Total	239	100%	291	100%	250	100%	239	100%	291	100%	250	100%

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

The Graduate Exit Exam
for the 21st Century
For the Year Ended
June 30, 2003

SCHEDULE 8

District Achievement Level Results	English Language Arts						Mathematics					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	0	0%	1	0%	0	0%	11	5%	7	3%	1	0%
Proficient	19	9%	25	12%	13	6%	28	11%	11	5%	20	10%
Basic	97	47%	83	39%	82	40%	80	33%	63	27%	60	29%
Approaching Basic	56	27%	67	31%	52	25%	43	17%	40	17%	32	15%
Unsatisfactory	35	17%	39	18%	61	29%	84	34%	114	48%	95	46%
Total	207	100%	215	100%	208	100%	246	100%	235	100%	208	100%

District Achievement Level Results	Science						Social Studies					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	2	1%	3	2%	N/A	N/A	0	0%	1	1%	N/A	N/A
Proficient	18	10%	26	14%	N/A	N/A	16	9%	17	9%	N/A	N/A
Basic	74	44%	71	38%	N/A	N/A	78	46%	95	51%	N/A	N/A
Approaching Basic	41	24%	51	27%	N/A	N/A	47	28%	33	17%	N/A	N/A
Unsatisfactory	35	21%	37	19%	N/A	N/A	29	17%	41	22%	N/A	N/A
Total	170	100%	188	100%	N/A	N/A	170	100%	187	100%	N/A	N/A

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**The IOWA Tests
For the Year Ended
June 30, 2003**

SCHEDULE 9

	Composite		
	2003	2002	2001
Test of Basic Skills (ITBS)			
Grade 3	48	41	40
Grade 5	48	40	45
Grade 6	38	41	36
Grade 7	44	40	37
Tests of Educational Development (ITED)			
Grade 9	40	44	47

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compare to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same of better than 72 percent of the students in the norm group.

FRANKLIN PARISH SCHOOL BOARD

Leo Thornhill, Jr.

Superintendent

Louise Johnson

President

District 5

James Harris

Vice-President

District 3

Dorothy Brown

Chaplain

District 7

Ms. Doyle Hassell

Marcus, Robinson & Hassell

Post Office Box 487

Winnsboro, Louisiana 71295

March 3, 2004

Lawrence Roberts

District 1

Bobbie Johnston

District 2

Ricky Donnell

District 4

J.W. Mercer

District 6

Dear Mr. Hassell:

The Franklin Parish School Board has struggled for years with limited local funds and failing school facilities which are simply outdated and in need of substantial repair. When the school board's finances became an issue, the board took immediate steps, including the hiring of an outside financial consultant, Joe Lane, to review the workings of the business department and to make both short-term and long-term recommendations to the board. The consultant's report and his recommendations have been received and are being implemented. In addition, pursuant to the consultant's recommendation, the board has interview and hired a full-time staff accountant to assist the business manager and to further insure compliance with generally accepted accounting principals, state department regulations, as well as state and federal grant requirements. In addition, personnel changes have been made and duties reassigned.

In response to your findings related to the 30 June 2003 audit of our financial statement, the following is our corrective action plan. Subject to the above, the board now addresses each of the specific findings as follows:

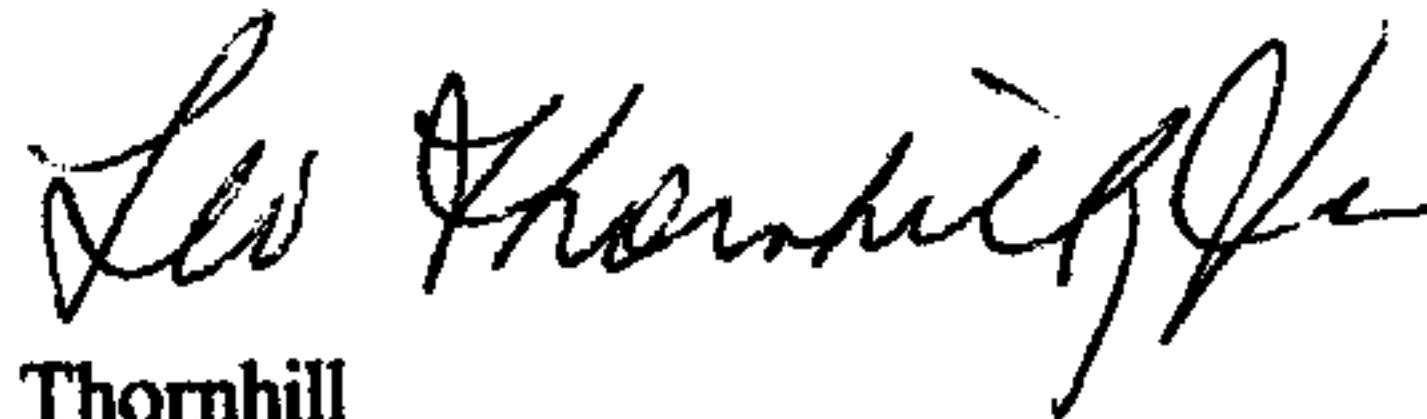
- 03-01: Upon the recommendation of its financial consultant, Joe Lane, the School Board has interviewed and hired a full time staff accountant to work with the business manager. This newly-hired accountant will oversee compliance with the requirements regarding the capital assets under GASB 34. An inventory of assets has been compiled and software to perform the necessary depreciation calculations has been purchased.
- 03-02: The business manager will oversee that funds are adequately collateralized by working with respective banks.
- 03-03: The business manager and accountant will insure that all year-end adjusting entries are posted in a timely manner.
- 03-04: A reassignment of duties has been implemented. The business manager and accountant will insure that all tax deposits are filed in a timely manner. The business manager will also schedule continuing education classes for the business department.

7293 PRAIRIE ROAD, WINNSBORO, LOUISIANA 71295 318-435-9046 318-435-3392(Fax)

An equal opportunity employer

- 03-05: The business manager will verify that all expenses related to grants will be paid in a timely manner.
- 03-06: The business manager will oversee that budget to actual expenditures is being monitored throughout the year and that the budget will be amended and filed, as required by R.S. 39:1310.
- 03-07: Once a potential problem was discovered, the employee reimbursed the Head Start Program for the hours he was performing School Board activities. This matter was addressed and resolved in June, 2003. At that time, the subject employee was the only school board employee certified by the State to perform the particular tasks at issue. The School Board has provided for another employee to obtain the needed certification.
- 03-08: The School Board does not agree with the factual conclusions upon which this finding is based. Employees entitled to a raise by virtue of State Department directive or the terms of their employment received the subject raise.
- 03-09: No double payment occurred. The business manager has issued a policy regarding the handling of lost or reissued checks.
- 03-10: All requested information, as understood by the administration, was provided upon request or within reasonable time thereafter when gathered. Nonetheless, the business manager will continue to insure that financial information is provided to the auditor in a timely manner.

Very truly yours,
FRANKLIN PARISH SCHOOL BOARD
By:

A handwritten signature in black ink, appearing to read "Leo Thornhill". The signature is fluid and cursive, with a long horizontal stroke at the end.

Leo Thornhill
Superintendent